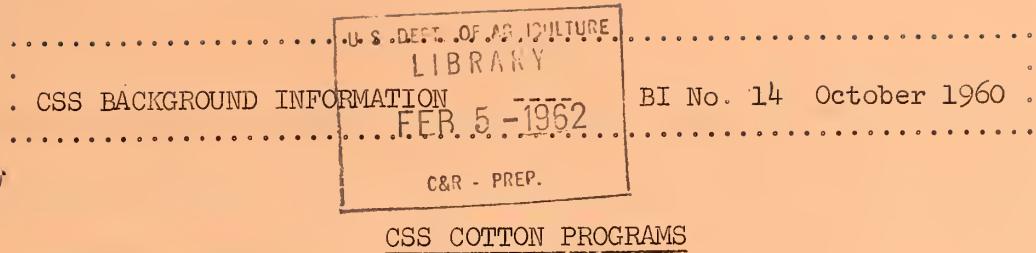


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Reserve



Commodity Stabilization Service programs in effect for the 1960 crop of cotton (upland) include acreage allotments, marketing quotas, and price support. Cotton farmers may also cooperate in the Department of Agriculture's Agricultural Conservation Program and those who entered into contracts under 1956-60 programs may take part in the Conservation Reserve of the Soil Bank (a CSS program). Both these programs, as well as allotments and quotas, are operated in the field through State and County Agricultural Stabilization and Conservation farmer-committees.

Acreage Allotments

The national acreage allotment is the number of acres needed to produce a stated amount of cotton (the cotton marketing quota), but under the law it may not be less than 16 million acres. The allotment is announced at the same time that quotas are proclaimed. The national cotton allotment is then divided among the States producing the crop, the State allotments are divided among counties, and the county allotments among cotton-producing farms.

For 1960, the national allotment for upland cotton was set at 16 million acres. In addition, a national acreage reserve of 310,000 acres was provided by law for use in establishing minimum farm allotments. However, under the special program (described below) provided by legislation for the 1959 and 1960 upland cotton crops, the acreage available to growers for the 1960 upland crop totaled 17,527,880 acres.

For the 1960 crop of upland cotton (and also for 1959), growers could elect to grow their crop under either Choice (A) -- the "regular" allotment, or Choice (B) -- 40 percent larger than the regular allotment. (See also following sections.)

Marketing Quotas

For upland cotton, quotas are proclaimed by the Secretary of Agriculture when supplies exceed normal; the quotas must be approved by at least two-thirds of the farmers voting, however, before they may be put into effect. Marketing quotas are in effect for the 1960 crop of cotton, as approved by growers voting in a referendum on the question.

Marketing quotas operate through acreage allotments. When quotas are effective for a cotton crop, a grower must comply with his acreage allotment in order to market his cotton "free." If his planted acreage exceeds his farm allotment and is not adjusted to the allotment within a time limit, his "excess" crop becomes subject to a marketing quota penalty. (See also section on Price Supports.)

The penalty rate on 1960-crop upland cotton is 19.4 cents per pound; the penalty rate is directed by law to be set at 50 percent of the parity price as of June 15 of the calendar year in which the cotton is produced.

Price Support

Price support for cotton is mandatory, provided growers have not disapproved marketing quotas. By complying with his chosen farm allotment, the grower's 1960 cotton crop became eligible for price support at 75 percent of parity for Choice (A) cotton and at 60 percent of parity for Choice (B). In dollars-and-cents, these percentages amount to national averages of 28.97 cents per pound and 23.18 cents per pound, respectively, basis Middling 7/8-inch cotton, gross weight, at average location.

Price support is made available by the Commodity Credit Corporation through purchases of Choice (A) cotton, and loans on Choice (B) cotton.

Cotton grown on a farm where the acreage allotment was knowingly exceeded is not eligible for price support.

Soil Bank

Farmers (including cotton growers) who had voluntarily entered into contracts with CSS under 1956-60 programs took part in the Conservation Reserve of the Soil Bank by "reserving" -- or withdrawing -- a stated acreage of their general cropland (including cotton cropland) from production for a period of 3, 5, or 10 years, and by devoting it to an approved conservation practice. For this, the farmer received conservation assistance during the first year of the contract -- which could have amounted to as much as 80 percent of the practice cost, and annual payments during the life of the contract compensate for the loss of income the acreage would otherwise produce.

The Conservation Reserve has been in effect since 1956. Through 1960, about 28.7 million acres of cropland had been included in the Conservation Reserve. About 71 percent of this total program acreage is on farms on which all eligible cropland is in the program.

The basic announced national average per-acre rate of the 1960 annual payment was \$13.50, and the acreage placed in the program was about 6.3 million additional acres. Authority to put new land in the program ended with the 1960 program.

Agricultural Conservation Program

Farmers may take part in the Agricultural Conservation Program by voluntarily carrying out a particular approved soil- or water-conservation practice on their land, for which the Government provides a share of the cost. ACP assistance may be in the form of financial aid, or materials or

services; it is made available for conservation over and above what farmers would carry out with their own resources and on their own initiative.

EXTRA LONG STAPLE COTTON

Most of the cotton produced in the United States is of the upland type. However, a program providing allotments, marketing quotas, and price support is also available for extra long staple cotton (American-Egyptian, Sea Island, and Sealand) in designated counties and Puerto Rico.

Quotas for an extra long staple cotton crop are proclaimed by the Secretary of Agriculture when supplies exceed normal by more than 8 percent. If the quotas are approved by at least two-thirds of the growers voting, the quotas go into effect.

For 1960, the national marketing quota for extra long staple cotton was 66,590 bales; the national acreage allotment was 64,776 acres. The marketing quota penalty on "excess" 1960-crop extra long staple cotton was 41.2 cents per pound -- by law, the penalty is set at the higher of 50 percent of parity or 50 percent of the support price as of June 15.

Farmers who complied with their farm allotments for 1960-crop extra long staple cotton could obtain price-support loans at not less than a national average of 53.04 cents per pound, net weight (representing 65 percent of the August 1 parity price). Cotton from a farm where the acreage allotment was exceeded is not eligible for price support.
